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SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED

舜宇光學科技（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2382.HK)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

RESULTS HIGHLIGHTS

For the six months ended 30 June 2025, the Group's unaudited revenue was approximately Renminbi (“**RMB**”) 19,651.9 million, representing an increase of approximately 4.2% as compared to the corresponding period of last year.

For the six months ended 30 June 2025, the Group's gross profit was approximately RMB3,894.4 million, representing an increase of approximately 20.0% as compared to the corresponding period of last year. The gross profit margin was approximately 19.8%, which was approximately 2.6 percentage points higher than that of the corresponding period of last year.

For the six months ended 30 June 2025, the Group's profit for the period attributable to owners of the Company was approximately RMB1,646.1 million, representing an increase of approximately 52.6% as compared to the corresponding period of last year.

FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”, and each a “**Director**”) of Sunny Optical Technology (Group) Company Limited (the “**Company**”) presents the unaudited condensed consolidation interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period of the year 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025

		For the six months ended 30 June	
	<i>NOTES</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	3A	19,651,919	18,860,225
Cost of sales		(15,757,471)	(15,613,746)
Gross profit		3,894,448	3,246,479
Other income	4	518,369	635,709
Other gains and losses	5	20,122	(70,889)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(5,487)	(26,958)
Selling and distribution expenses		(184,244)	(226,073)
Research and development expenditure		(1,633,607)	(1,468,369)
Administrative expenses		(592,788)	(563,456)
Share of results of associates		92,251	(5,050)
Finance costs		(243,814)	(272,692)
Profit before tax		1,865,250	1,248,701
Income tax expense	6	(141,066)	(137,173)
Profit for the period	7	1,724,184	1,111,528
Other comprehensive income (expense):			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”), net of income tax		46,298	—
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(42,544)	(41,090)
Other comprehensive income (expense) for the period		3,754	(41,090)
Total comprehensive income for the period		1,727,938	1,070,438

	<i>NOTE</i>	For the six months ended 30 June	
		2025 <i>RMB'000</i> (Unaudited)	2024 <i>RMB'000</i> (Unaudited)
Profit for the period attributable to:			
Owners of the Company		1,646,133	1,079,006
Non-controlling interests		78,051	32,522
		1,724,184	1,111,528
Total comprehensive income for the period attributable to:			
Owners of the Company		1,648,740	1,044,093
Non-controlling interests		79,198	26,345
		1,727,938	1,070,438
Earnings per share			
– Basic (<i>RMB cents</i>)	8	151.56	99.04
– Diluted (<i>RMB cents</i>)	8	150.96	99.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025

	<i>NOTES</i>	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10(a)	10,490,949	10,524,503
Right-of-use assets	10(b)	880,188	900,544
Investment properties		23,374	25,750
Intangible assets		110,190	138,295
Interests in associates		1,899,677	1,856,184
Deferred tax assets	11	213,932	216,703
Deposits and prepayments paid for acquisition of property, plant and equipment	12	1,031,049	723,111
Equity instruments at FVTOCI		108,775	63,294
Financial assets at fair value through profit or loss ("FVTPL")	13	18,020	18,020
Time deposits		485,000	1,868,696
Goodwill		2,119	2,119
		15,263,273	16,337,219
CURRENT ASSETS			
Inventories	15	5,762,020	5,870,112
Trade and other receivables and prepayments	16	9,071,388	9,211,194
Receivables at FVTOCI	16A	1,384,545	864,520
Derivative financial assets	14	27,329	54,320
Financial assets at FVTPL	13	12,021,038	13,873,739
Amounts due from related parties		6,147	2,400
Time deposits		1,925,520	—
Pledged bank deposits		268,558	108,502
Short term fixed deposits		1,615,184	2,976,595
Cash and cash equivalents		8,458,961	4,508,657
		40,540,690	37,470,039

	<i>NOTES</i>	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	18	21,008,729	20,825,322
Amounts due to related parties		15,829	19,804
Derivative financial liabilities	14	66,376	69,322
Contract liabilities		293,266	226,734
Tax payable		218,399	190,029
Bank borrowings	19	3,056,092	925,652
Lease liabilities		54,634	50,518
Deferred income		8,200	12,244
Bonds payable	20	77,615	77,938
		<u>24,799,140</u>	<u>22,397,563</u>
NET CURRENT ASSETS		<u>15,741,550</u>	<u>15,072,476</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,004,823</u>	<u>31,409,695</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	742,417	753,302
Long term payables	18	82,985	156,541
Bank borrowings	19	432,500	2,032,518
Lease liabilities		175,912	186,677
Deferred income		104,218	120,158
Bonds payable	20	2,858,145	2,867,551
		<u>4,396,177</u>	<u>6,116,747</u>
NET ASSETS		<u><u>26,608,646</u></u>	<u><u>25,292,948</u></u>
CAPITAL AND RESERVES			
Share capital	21	104,967	104,967
Reserves		<u>25,907,001</u>	<u>24,659,548</u>
Equity attributable to owners of the Company		26,011,968	24,764,515
Non-controlling interests		<u>596,678</u>	<u>528,433</u>
TOTAL EQUITY		<u><u>26,608,646</u></u>	<u><u>25,292,948</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Act Chapter 22 (Law 3 of 1961 as consolidated and revised, formerly known as Companies Law) of the Cayman Islands and its shares have been listed on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) with effect from 15 June 2007.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional/change in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Sales of optical and optical-related products		
Handset related products	13,248,009	13,028,791
Vehicle related products	3,400,448	2,877,099
Augmented reality (“AR”)/virtual reality (“VR”) related products	1,201,212	992,148
Other lens sets	545,617	406,830
Digital camera related products	325,664	372,855
Optical instruments	146,478	158,455
Other spherical lens and plane products	264,024	255,170
Other products	520,467	768,877
	19,651,919	18,860,225

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Geographical markets		
The People’s Republic of China (the “PRC” or “China”)	14,123,914	14,201,236
Asia (except for China)	3,732,544	2,953,547
Europe	930,293	1,038,870
North America	768,862	597,452
Others	96,306	69,120
	19,651,919	18,860,225

Timing of revenue recognition

Point in time	19,651,919	18,860,225
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3B. SEGMENT INFORMATION

Information reported to the board of Directors, being the chief operating decision maker (“**CODM**”), for the purpose of resource allocation and assessment of segment performance, focuses on types of goods delivered because the board of Directors has chosen to organise the Group among different major products. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Optical Components
2. Optoelectronic Products
3. Optical Instruments

The following is an analysis of the Group’s revenue and results by operating and reportable segments:

For the six months ended 30 June 2025

	Optical Components <i>RMB’000</i> (Unaudited)	Optoelectronic Products <i>RMB’000</i> (Unaudited)	Optical Instruments <i>RMB’000</i> (Unaudited)	Total Segments <i>RMB’000</i> (Unaudited)	Eliminations <i>RMB’000</i> (Unaudited)	Total <i>RMB’000</i> (Unaudited)
SEGMENT REVENUE						
External sales	6,066,677	13,383,137	202,105	19,651,919	–	19,651,919
Inter-segment sales	1,574,538	8,321	23,498	1,606,357	(1,606,357)	–
	<u>7,641,215</u>	<u>13,391,458</u>	<u>225,603</u>	<u>21,258,276</u>	<u>(1,606,357)</u>	<u>19,651,919</u>
Segment profit	<u>999,531</u>	<u>972,047</u>	<u>35,219</u>	<u>2,006,797</u>	<u>–</u>	<u>2,006,797</u>
Share of results of associates						92,251
Unallocated other income, other gains and losses						34,523
Unallocated administrative expenses and finance costs						<u>(268,321)</u>
Profit before tax						<u>1,865,250</u>

For the six months ended 30 June 2024

	Optical Components <i>RMB'000</i> (Unaudited)	Optoelectronic Products <i>RMB'000</i> (Unaudited)	Optical Instruments <i>RMB'000</i> (Unaudited)	Total Segments <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT REVENUE						
External sales	5,480,436	13,191,126	188,663	18,860,225	–	18,860,225
Inter-segment sales	977,893	11,067	32,840	1,021,800	(1,021,800)	–
	<u>6,458,329</u>	<u>13,202,193</u>	<u>221,503</u>	<u>19,882,025</u>	<u>(1,021,800)</u>	<u>18,860,225</u>
Segment profit	<u>940,895</u>	<u>561,538</u>	<u>51,685</u>	<u>1,554,118</u>	<u>–</u>	<u>1,554,118</u>
Share of results of associates						(5,050)
Unallocated other income, other gains and losses						(1,821)
Unallocated administrative expenses and finance costs						<u>(298,546)</u>
Profit before tax						<u>1,248,701</u>

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 30 June 2025

	Optical Components <i>RMB'000</i> (Unaudited)	Optoelectronic Products <i>RMB'000</i> (Unaudited)	Optical Instruments <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment assets				
Trade receivables	2,988,133	4,982,942	90,015	8,061,090
Bill receivables	921,788	448,553	14,204	1,384,545
Inventories	<u>2,426,239</u>	<u>3,273,165</u>	<u>62,616</u>	<u>5,762,020</u>
Total segment assets	<u>6,336,160</u>	<u>8,704,660</u>	<u>166,835</u>	<u>15,207,655</u>
Unallocated assets				<u>40,596,308</u>
Consolidated assets				<u>55,803,963</u>
Segment liabilities				
Trade payables and accrued purchases	2,732,864	4,615,310	95,094	7,443,268
Note payables	<u>1,403,716</u>	<u>9,280,715</u>	<u>37,107</u>	<u>10,721,538</u>
Total segment liabilities	<u>4,136,580</u>	<u>13,896,025</u>	<u>132,201</u>	<u>18,164,806</u>
Unallocated liabilities				<u>11,030,511</u>
Consolidated liabilities				<u>29,195,317</u>

As at 31 December 2024

	Optical Components <i>RMB'000</i> (Audited)	Optoelectronic Products <i>RMB'000</i> (Audited)	Optical Instruments <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
<i>Segment assets</i>				
Trade receivables	2,783,089	5,129,294	91,458	8,003,841
Bill receivables	601,072	255,758	7,690	864,520
Inventories	2,597,665	3,224,945	47,502	5,870,112
Total segment assets	<u>5,981,826</u>	<u>8,609,997</u>	<u>146,650</u>	14,738,473
Unallocated assets				<u>39,068,785</u>
Consolidated assets				<u>53,807,258</u>
<i>Segment liabilities</i>				
Trade payables and accrued purchases	2,964,978	4,629,201	72,527	7,666,706
Note payables	1,291,402	8,901,610	63,856	10,256,868
Total segment liabilities	<u>4,256,380</u>	<u>13,530,811</u>	<u>136,383</u>	17,923,574
Unallocated liabilities				<u>10,590,736</u>
Consolidated liabilities				<u>28,514,310</u>

Segment profit represents the profit earned by each segment without allocation of corporate items including unallocated other income, other gains and losses, unallocated central administration costs, and finance costs and share of results of associates. There were asymmetrical allocations to operating segments because the Group allocates interest income, government grants, depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and gain or loss on disposal of property, plant and equipment, right-of-use assets and intangible assets to each segment without allocating the related cash and cash equivalent, deferred income, property, plant and equipment, right-of-use assets and intangible assets to those segments. This is the measure reported to the board of Directors for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

For the purposes of monitoring segment performances and allocating resources between segments:

- Trade receivables, bill receivables and inventories are allocated to the respective operating and reportable segments. All other assets are unallocated assets, which are not regularly reported to the board of Directors.
- Trade payables and accrued purchases and note payables are allocated to the respective operating and reportable segments. All other liabilities are unallocated liabilities, which are not regularly reported to the board of Directors.

4. OTHER INCOME

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants (<i>Note</i>)	89,109	89,728
Interest income from time deposits, short term fixed deposits, pledged bank deposits and bank balances	142,012	283,708
Investment income from unlisted financial products at FVTPL	168,117	141,405
Interest income from small loan services	3,094	5,038
Income from sales of moulds	38,128	7,187
Income from sales of scrap materials	19,152	26,099
Others	58,757	82,544
	518,369	635,709

Note: The amounts represent unconditional subsidies related to research and development of technology projects and incentive subsidies. There are no unfulfilled conditions or contingencies relating to the above subsidies.

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange gain (loss)	28,020	(95,657)
Gain on disposal of property, plant and equipment and right-of-use assets	5,422	1,475
(Loss) gain on changes in fair value of derivative financial instruments	(24,045)	23,293
Others	10,725	—
	20,122	(70,889)

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise income tax	92,455	81,345
Withholding tax expense	19,514	15,914
Other jurisdiction	28,905	33,349
Top-up tax under Pillar Two rules	10,489	9,944
	<u>151,363</u>	<u>140,552</u>
Deferred tax (Note 11):		
Current period	(10,297)	(3,379)
	<u>141,066</u>	<u>137,173</u>

The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules has become effective in certain countries in which the certain group entities are incorporated. The top-up tax relates to the Group's operation in applicable countries, where the annual effective income tax rates are estimated to be below 15 per cent. Therefore, a top-up tax is accrued in the current interim period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year. The Group has recognised a current tax expense of RMB10,489,000 related to the Pillar Two Rules for the six months ended 30 June 2025 (corresponding period of 2024: RMB9,944,000) which is expected to be levied on relevant group entities.

The Group has applied the temporary mandatory exception for recognising and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

7. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after crediting (charging) the following items:		
Depreciation of property, plant and equipment	1,174,648	1,059,082
Depreciation of investment properties	2,376	2,436
Depreciation of right-of-use assets	34,625	29,539
Amortisation of intangible assets	28,105	28,104
Allowance (reversal of allowance) for inventories (included in cost of sales)	44,928	(13,383)

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	1,646,133	1,079,006
	For the six months ended 30 June	
	2025	2024
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>)	1,086,161	1,089,418
Effect of dilutive potential ordinary shares		
Restricted shares	4,313	370
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,090,474	1,089,788

Note: The weighted average number of ordinary shares has been calculated taking into account the shares held by the Group under share award scheme.

9. DIVIDENDS

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends for ordinary shareholders of the Company recognised as distribution during the period:		
Final dividend paid in 2025 for 2024 of Hong Kong Dollar ("HKD")		
53.20 cents per share (2024: HKD21.90 cents per share for 2023)	531,562	218,814

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (corresponding period of 2024: nil).

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Property, plant and equipment

During the current interim period, the Group acquired manufacturing equipment and incurred construction costs for manufacturing plants of approximately RMB1,185,773,000 (corresponding period of 2024: RMB1,099,270,000) in order to upgrade its manufacturing capabilities and capacity expansion.

In addition, the Group disposed of certain plant and equipment with carrying amount of approximately RMB19,206,000 (corresponding period of 2024: RMB2,198,000) which resulted in a gain on disposal of approximately RMB5,422,000 (corresponding period of 2024: RMB1,475,000).

As at 30 June 2025, no property, plant and equipment of the Group were pledged to secure bank borrowings granted.

(b) Right-of-use assets

During the current interim period, the Group entered into several new lease agreements for the use of office and manufactory for fixed term of 2 to 5 years (corresponding period of 2024: 2 to 5 years). On the lease commencement date, the Group recognised right-of-use assets of RMB20,497,000 (corresponding period of 2024: RMB13,638,000) and lease liabilities of RMB20,408,000 (corresponding period of 2024: RMB13,592,000).

As at 30 June 2025, no leasehold lands of the Group were pledged to secure bank borrowings granted.

11. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Deferred tax assets	(213,932)	(216,703)
Deferred tax liabilities	742,417	753,302
	<u>528,485</u>	<u>536,599</u>

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and preceding interim periods:

	Withholding tax on undistributed profit from the PRC <i>RMB'000</i>	Allowance for inventories and ECL provision <i>RMB'000</i>	Deferred subsidy income <i>RMB'000</i>	Accelerated depreciation <i>RMB'000</i>	Accrued bonus <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Tax loss <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024 (Restated)	84,797	(88,913)	(26,518)	902,906	(66,630)	33,595	(33,614)	(285,890)	29,183	548,916
Charge (Credit) to profit or loss	13,265	(9,772)	9,829	862	(3,605)	(403)	403	(43,520)	25,419	(7,522)
Credit to other comprehensive income	-	-	-	-	-	-	-	-	(4,795)	(4,795)
At 31 December 2024 (Audited)	98,062	(98,685)	(16,689)	903,768	(70,235)	33,192	(33,211)	(329,410)	49,807	536,599
(Credit) charge to profit or loss (<i>Note 6</i>)	(1,622)	(7,485)	3,852	27,659	-	(4,183)	4,232	(16,362)	(16,388)	(10,297)
Charge to other comprehensive income	-	-	-	-	-	-	-	-	2,183	2,183
At 30 June 2025 (Unaudited)	<u>96,440</u>	<u>(106,170)</u>	<u>(12,837)</u>	<u>931,427</u>	<u>(70,235)</u>	<u>29,009</u>	<u>(28,979)</u>	<u>(345,772)</u>	<u>35,602</u>	<u>528,485</u>

12. DEPOSITS AND PREPAYMENTS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits and prepayments are paid for construction of factory buildings and acquisition of plants and equipment located in the PRC and other regions for the expansion of Group's production plants.

During the current interim period, the Group paid an amount of approximately RMB558,821,000 (corresponding period of 2024: RMB407,990,000) as the deposits and prepayments for acquisition of property, plant and equipment and transferred an amount of approximately RMB250,883,000 (corresponding period of 2024: RMB349,699,000) to property, plant and equipment.

13. FINANCIAL ASSETS AT FVTPL

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Current assets		
Unlisted financial products (<i>Note a</i>)	<u>12,021,038</u>	<u>13,873,739</u>
Non-current assets		
Equity investments (<i>Note b</i>)	<u>18,020</u>	<u>18,020</u>

Note a: Unlisted financial products

The Group entered into several contracts of unlisted financial products with banks, which are managed by related banks in the PRC to invest principally in certain financial assets including bonds, trusts and cash funds, etc. The unlisted financial products have been accounted for as financial assets at FVTPL on initial recognition in which the return on the unlisted financial products was determined by reference to the performance of the underlying investment assets and as at 30 June 2025, the expected return rates stated in the contracts range from 1.30% to 4.50% (31 December 2024: 1.50% to 4.50%) per annum.

Note b: Equity investments

The Group's equity investments in several partnership enterprises amounting to RMB18,020,000 (31 December 2024: RMB18,020,000) were classified as financial assets at FVTPL.

In the opinion of the Directors of the Company, the fair value change of the equity investments is insignificant in the current interim period.

14. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the Group held certain derivatives classified as held for trading and not under hedge accounting as follows:

	Assets		Liabilities	
	30 June	31 December	30 June	31 December
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Foreign currency forward contracts	1,981	14,202	835	28,549
Foreign currency options contracts	14,889	–	43,221	33,263
Foreign exchange swap contracts	10,459	40,118	22,320	7,510
	27,329	54,320	66,376	69,322

As at 30 June 2025, the notional amount of outstanding foreign currency forward contracts amounted to approximately United States Dollar (“USD”) 60,100,000 (31 December 2024: USD155,710,000 and RMB261,955,000).

The notional amount of outstanding foreign currency options contracts amounted to approximately USD264,000,000 and RMB5,450,466,000 (31 December 2024: USD235,000,000).

The notional amount of outstanding foreign exchange swap contracts amounted to approximately Vietnamese Dong (“VND”) 116,844,000,000, Japanese Yen (“JPY”) 16,041,718,000, HKD1,657,682,000 and RMB3,246,995,000 (31 December 2024: VND74,792,625,000, JPY19,275,770,000, HKD2,014,876,000 and RMB1,356,841,000).

The Group entered the above contracts with banks in the PRC and Vietnam in order to manage the Group’s foreign currency risk. All these foreign currency forward contracts, foreign currency options contracts and foreign exchange swap contracts are matured within one year.

15. INVENTORIES

	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Raw materials	1,151,853	952,455
Work in progress	551,886	246,823
Finished goods	4,058,281	4,670,834
	5,762,020	5,870,112

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Trade receivables	8,164,082	8,101,118
Less: allowance for ECL	(102,992)	(97,277)
	<u>8,061,090</u>	<u>8,003,841</u>
Loan receivables	<u>137,127</u>	<u>123,314</u>
Other receivables and prepayments:		
Value added tax and other tax receivables	383,771	464,440
Advance to suppliers	122,367	255,000
Prepaid expenses	130,667	84,459
Utilities deposits and prepayments	83,190	111,987
Advances to employees	110,121	126,991
Others	43,055	41,162
	<u>873,171</u>	<u>1,084,039</u>
	<u><u>9,071,388</u></u>	<u><u>9,211,194</u></u>

The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on revenue recognition dates.

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Within 90 days	7,653,217	7,641,930
91 to 180 days	317,272	356,658
Over 180 days	90,601	5,253
	<u>8,061,090</u>	<u>8,003,841</u>

Movement in the allowance for expected credit losses:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Balance at the beginning of the reporting period	97,277	123,152
Changes due to financial assets recognised at:		
– Impairment losses recognised	–	1,340
– Impairment losses reversed	(2,279)	(25,572)
– Write offs	–	(24,483)
New financial assets originated	7,766	24,331
Exchange realignment	228	(1,491)
	102,992	97,277

16A. RECEIVABLES AT FVTOCI

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Receivables at FVTOCI comprise:		
Bill receivables (<i>Note</i>)	1,384,545	864,520

Note: The balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group has discounted certain bills receivables to banks or endorsed certain bills receivables to its suppliers to settle its payables. These bills are issued or guaranteed by reputable PRC banks with high credit ratings. As the Group has transferred substantially all the risks of these bills to relevant banks/suppliers, it has derecognised these bills receivables.

The following table shows Group's bill receivables amounted to RMB45,930,000 (31 December 2024: RMB20,989,000) being endorsed to certain suppliers for settlement of trade payables or being discounted to certain banks to obtain the funding which the management considered that the Group has not transferred the significant risks and rewards relating to the bill receivables, it continues to recognise the full amount of bill receivables.

As at 30 June 2025

	Bills discounted to banks with full resources <i>RMB'000</i> (Unaudited)	Bills endorsed to suppliers with full resources <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Carrying amount of transferred assets	10,402	35,528	45,930
Carrying amount of associated liabilities	(10,402)	(35,528)	(45,930)
Net position	–	–	–

As at 31 December 2024

	Bills discounted to banks with full resources <i>RMB'000</i> (Audited)	Bills endorsed to suppliers with full resources <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
Carrying amount of transferred assets	4,720	16,269	20,989
Carrying amount of associated liabilities	(4,720)	(16,269)	(20,989)
Net position	–	–	–

The Group's receivables at FVTOCI were bill receivables with the following maturity:

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Within 90 days	1,043,372	656,868
91 to 180 days	341,173	207,652
	1,384,545	864,520

17. IMPAIRMENT ASSESSMENT ON TRADE RECEIVABLES SUBJECT TO ECL MODEL

As part of the Group's credit risk management, except for the debtors with credit-impaired the Group uses debtors' aging to assess the impairment for its customers which are with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Debtors with credit-impaired are assessed individually by the Group. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix with lifetime ECL (not credit impaired) as at 30 June 2025.

	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
1 to 90 days	0.02%	7,654,884	1,667
91 to 120 days	0.40%	220,546	884
121 to 180 days	3.29%	100,928	3,318
More than 180 days	6.61%	97,015	6,414
		8,073,373	12,283

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 30 June 2025, the Group provided impairment allowance for trade receivables of RMB102,992,000 (31 December 2024: RMB97,277,000), among which RMB12,283,000 (31 December 2024: RMB6,190,000) was made based on the provision matrix with life time ECL (not credit-impaired) while RMB90,709,000 (31 December 2024: RMB91,087,000) was assessed individually on the credit-impaired debtors.

18. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date and note payables presented based on issue date at the end of the reporting period.

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Current liabilities		
Trade payables		
Within 90 days	5,699,034	5,624,849
91 to 180 days	865,114	1,076,988
Over 180 days	15,988	10,532
Accrued purchases	863,132	954,337
	7,443,268	7,666,706
Total trade payables and accrued purchases		

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Note payables (<i>Note</i>)		
Within 90 days	2,551,834	5,232,777
91 to 180 days	4,454,592	4,588,280
Over 180 days	3,715,112	435,811
	<u>10,721,538</u>	<u>10,256,868</u>
Advance deposits from a customer	148,674	145,834
Payables for purchase of property, plant and equipment	312,126	305,757
Staff salaries and welfare payables	1,476,513	1,558,602
Labor outsourcing payables	108,283	111,019
Payables for acquisition of patents	39,611	36,386
Value added tax payables and other tax payables	227,327	212,609
Interest payables	5,022	2,043
Rental and utilities payables	53,571	46,299
Others	472,796	483,199
	<u>2,843,923</u>	<u>2,901,748</u>
	<u><u>21,008,729</u></u>	<u><u>20,825,322</u></u>
Non-current liabilities		
Long term payables		
Payables for acquisition of patents	40,152	36,744
Accrued employee expense	–	81,741
Government relocation compensation received	36,490	36,490
Others	6,343	1,566
	<u>82,985</u>	<u>156,541</u>

Note: During the six months ended 30 June 2025 and 30 June 2024, certain of the Company's subsidiaries received bills from the other subsidiaries and discounted the certain bills to banks. The cash flows of such transactions have been presented in cash flow statement as financing activities.

The average credit period on purchases of goods is 180 days (31 December 2024: 180 days) and the term for note payables is 90 days to 365 days (31 December 2024: 90 days to 365 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

19. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to approximately RMB4,505,372,000 (corresponding period of 2024: RMB7,532,560,000), and the proceeds were used to meet the working capital requirement. Repayments of bank borrowings amounting to approximately RMB3,960,874,000 (corresponding period of 2024: RMB7,246,896,000) were made in line with the relevant repayment terms.

As at 30 June 2025, the bank borrowings amounted to a total of RMB3,056,092,000 (31 December 2024: RMB925,652,000) were repayable within one year, and RMB432,500,000 (31 December 2024: RMB2,032,518,000) were repayable within a period of more than one year.

As at 30 June 2025, the bank borrowings amounting to approximately RMB1,708,042,000 (31 December 2024: RMB2,184,711,000) were denominated in USD. The Group's bank borrowings amounting to RMB2,956,092,000 carried fixed-rate of 1.96% to 3.60% per annum (31 December 2024: RMB1,082,278,000 with fixed-rate of 1.99% to 4.00% per annum) and RMB532,500,000 carried variable-rate of 2.26% to 2.40% per annum (31 December 2024: RMB1,875,892,000 with variable-rate of 2.36% to 5.50% per annum).

As at 30 June 2025, no bank borrowing was secured by any assets of the Group.

20. BONDS PAYABLE

On 9 January 2023, the Company issued unsecured sustainability-linked bonds in the amount of USD400 million at the rate of 5.95% per annum which will be due by year 2026 to professional investors outside of the United States in accordance with Regulation S under the U.S. Securities Act. The issuance has been successfully completed on 17 January 2023 and the listing of the bonds in the Hong Kong Stock Exchange became effective on 18 January 2023.

The Company had fully used the net proceeds from the bonds for refinancing existing indebtedness.

During the current interim period, interest expense of approximately RMB87,904,000 (corresponding period of 2024: RMB86,897,000) was recognised in the profit or loss.

21. SHARE CAPITAL

	Number of shares	Amount HKD'000	Equivalent to RMB'000
Authorised:			
Ordinary share of HKD0.10 each at			
1 January 2024 (Audited),			
30 June 2024 (Unaudited),			
1 January 2025 (Audited) and			
30 June 2025 (Unaudited)	100,000,000,000	10,000,000	
Issued & fully paid:			
Ordinary shares of HKD0.10 each at			
1 January 2024 (Audited)	1,096,774,800	109,678	105,156
Share repurchased and cancelled	(1,970,000)	(197)	(189)
At 30 June 2024 (Unaudited)	1,094,804,800	109,481	104,967
At 1 January 2025 (Audited) and			
30 June 2025 (Unaudited)	1,094,804,800	109,481	104,967

During the six months ended 30 June 2025, the Company repurchased nil of its own ordinary shares (corresponding period of 2024: the Company repurchased 1,970,000 of its own ordinary shares through the Stock Exchange of Hong Kong Limited with an aggregate consideration of HKD78,120,000 (equivalent to RMB70,863,000) paid). No shares (corresponding period of 2024: 1,970,000) were cancelled upon repurchase.

22. SHARE AWARD SCHEME

The fair value of the Company's restricted shares award was determined based on the market values of the Company's shares at the grant dates.

Movements in the number of restricted shares granted and related fair value are as follows:

	Weighted average fair value (per share) HKD	Number of restricted shares ('000)
At 1 January 2024 (Audited)	96.764	6,528
Forfeited	70.100	(506)
Vested	92.751	(3,721)
Granted	48.091	7,143
At 31 December 2024 and 1 January 2025 (Audited)	62.961	9,444
Forfeited	60.581	(312)
Vested	60.629	(3,337)
As at 30 June 2025 (Unaudited)	64.433	5,795

23. COMMITMENTS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	679,976	1,181,530

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the design, research and development (the “**R&D**”), manufacture and sales of optical and optical-related products. The development and manufacture of these products integrate optics, electronics, algorithm and mechanical technologies and the application fields of these products cover vehicles, extended reality (“**XR**”), pan internet of things (“**pan-IoT**”), smartphones and optical instruments.

Save as disclosed in this announcement, there have been no material changes in the development or future development of the Group’s business and financial position since the publication of the annual report of the Company for the year ended 31 December 2024.

IMPORTANT EVENTS AFFECTING THE GROUP WHICH HAVE OCCURRED SINCE 30 JUNE 2025

As disclosed in the announcement of the Company dated 24 June 2025, Mr. Ni Wenjun has been appointed as an executive Director and a member of each of the remuneration committee of the Board (the “**Remuneration Committee**”) and the strategy and development committee of the Board (the “**Strategy and Development Committee**”) with effect from 1 July 2025. Meanwhile, Mr. Feng Hua Jun resigned as a member of the Remuneration Committee with effect from 1 July 2025 and he remains an independent non-executive Director and a member of the audit committee of the Board (the “**Audit Committee**”), the chairman of the nomination committee of the Board (the “**Nomination Committee**”), and a member of the Strategy and Development Committee.

Save as disclosed above in this announcement, there have been no important events affecting the Group which have occurred since 30 June 2025.

BUSINESS REVIEW

The business review of the Group for the six months ended 30 June 2025 will be presented in respect of the three operating segments, namely, (A) Optical Components, (B) Optoelectronic Products and (C) Optical Instruments, in terms of different types of the Company’s businesses.

- (A) The Optical Components mainly include vehicle lens sets, handset lens sets, XR optical elements and handheld imaging device lens sets.
- (B) The Optoelectronic Products mainly include vehicle modules, handset camera modules, smart glasses imaging modules, robotic vision subsystems and system solution and handheld imaging device camera modules.
- (C) The Optical Instruments mainly include intelligent equipment and microscopic instruments.

(A) Optical Components and (B) Optoelectronic Products

1. Handset related products

Benefiting from the trend toward high-end smartphone camera specifications and leveraging the cutting-edge market layout and advanced technology iteration, the market shares of the Group's handset related products maintained global No.1. The detailed information shows as below.

(A) Optical Components

In the first half of 2025, as a leading enterprise in the field of high-end handset lens sets, the Group's participation rate in the flagship models of mainstream end customers continued to increase. In the area of product R&D, the Group has precisely captured the iteration opportunities of telephoto product solutions. Currently, the Group has achieved mass production of various forms of periscope products by adopting the multi-group system solution.

(B) Optoelectronic Products

In the first half of 2025, the Group has achieved large-scale mass production of the multi-fold periscope modules and inner-focus periscope modules with large image size in flagship models of key major customers. The Group's technological capabilities and delivery capacity have been highly recognized, further solidifying its industry-leading position. Meanwhile, leveraging the integrated advantages of self-developed actuator modules, the Group's proprietary large-aperture low-load periscope modules have been deeply developed and applied with leading customers. In addition to product innovation, the Group continued to invest in the R&D of underlying technology, gaining continuous breakthroughs in technological bottlenecks such as ultra miniaturized molding packaging technology, ultra high-precision active optical alignment technology and high-precision actuation technology, further improving the comprehensive competitiveness.

2. Vehicle related products

Benefiting from the rapid development of intelligent driving, the global market demand for vehicle cameras achieved a rapid growth, and the business of the Group's vehicle related products performed well. The detailed information shows as below.

(A) Optical Components

In the first half of 2025, the market share of the Group's vehicle lens sets remained global No. 1 and maintained its leading position in the industry. In addition, the Group has been deeply developing its advantageous businesses and leading the industry in innovation. In the first half of 2025, the Group has completed the R&D of the next-generation de-fogging technology, which enabled an improvement in mist dissipation of vehicle lens sets and has been applied in various automotive manufacturers' projects. Besides, the Group continued to promote the R&D and innovation of high pixel hybrid (plastic lenses plus glass lenses) vehicle lens sets, and achieved breakthroughs in two key technologies, namely, high-precision simulation and stability of hybrid vehicle lens sets. These highly cost-effective products have further consolidated the Group's technology leading position in advanced driver assistance system ("ADAS") vehicle lens sets market.

(B) Optoelectronic Products

The Group continued to deepen its strategic ecological cooperation with global mainstream intelligent driving platform providers such as Horizon Robotics*, QUALCOMM*, Mobileye* and NVIDIA*, and continued to expand its product matrix of vehicle modules to consolidate technological leadership. In the first half of 2025, the Group ranked global No. 1 of 8-mega pixel vehicle modules in terms of market shares. The Group also accelerated its expansion into overseas markets and newly secured designation for 8-mega pixel products from a leading European automotive manufacturer. Relying on innovative product technology, the Group has achieved various breakthroughs in technology upgrade and production line expansion. Aligning with market demand, the Group proactively deployed new products: the real-time chassis inspection camera module was launched to support remote summoning of vehicles, so as to eliminate the potential risk under the vehicle and enhance safety. In terms of product iteration, the Group's self-developed super-black coating technology can reduce the stray-light interference from oncoming high beams. In addition, the Group's self-developed adaptive variable-aperture technology delivers the ultra-high dynamic-range imaging required when vehicles enter or exit tunnels and when driving at night. The Group has actively invested in the R&D of cutting-edge technologies and deepened the cooperation with ecological partners to drive the upgrading and development of the intelligent automobile industry with innovative visual perception.

3. XR related products

Benefiting from the rapid growth of the smart glasses market, the XR industry has entered a fast lane of growth. Seizing this important market opportunity, the business of the Group's XR related products performed well. The detailed information shows as below.

(A) Optical Components

In the first half of 2025, the Group's XR optical elements achieved continuous breakthrough. The Group extended its core process technologies accumulated in the mixed reality ("MR") field to AR production line, achieving mass production of polarizing beam splitter modules and successful trial of virtual image distance. At the same time, relying on miniaturization technology and hybrid (plastic lenses plus glass lenses) products, the Group has achieved full coverage of imaging lens sets for mainstream smart glasses customers, demonstrating its strong market influence and wide recognition in the industry.

(B) Optoelectronic Products

In the first half of 2025, the Group has continuously maintained its leading market position in smart glasses imaging module industry by leveraging its industry-leading product technological advantages such as miniaturization, low-power consumption and high imaging quality. Meanwhile, in the AR field, by utilizing its vertically integrated advantages and unique molding packaging technology, the Group has further optimized the performance and achieved lightweight packaging in the product of optical engines, continuously driving industry development.

* Horizon Robotics represents Beijing Horizon Robotics Technology R&D Co., Ltd.(北京地平線機器人技術研發有限公司); QUALCOMM represents QUALCOMM Incorporated; Mobileye represents Mobileye Global Inc; NVIDIA represents NVIDIA CORPORATION.

4. Pan-IoT related products

Against the backdrop of ongoing artificial intelligence (“AI”) technology upgrades, application scenarios for the pan-IoT market have continued to expand. The demands for consumer-grade intelligent imaging devices and various types of robots increased significantly. The business performance of the Group’s pan-IoT related products shows as follows.

(A) Optical Components and (B) Optoelectronic Products

As the tourism economy and internet creator economy developing vigorously, the target audience of handheld imaging devices has expanded from professional users to everyday consumers, driving a significant growth in the market size. Seizing this significant growth opportunity, the Group has mass produced handheld imaging device lens sets and handheld imaging device camera modules for leading customers, with demand continuing to surge.

(B) Optoelectronic Products

Relying on the technological accumulation in the field of robotic vision, industry vertical integration advantages and system solution manufacturing capabilities, the Group has achieved further breakthroughs in the fields of robotic navigation, obstacle avoidance, and AI recognition visual field, and the robot vision subsystems have been widely applied in different industries. In addition, in the field of robotic system solutions, the Group has continued to make efforts in the areas of lawn-mowing robots and warehouse logistics robots, winning recognition from customers both domestically and overseas, while steadily expanding its business scale.

(C) Optical Instruments

1. Microscopic instruments

In the first half of 2025, the Group actively promoted the process of domestic substitution of high-end microscopic instruments and achieved another breakthrough in R&D innovation. The Group has completed the R&D of laser confocal microscope. This microscope features high signal-to-noise ratio imaging, fully motorized control, multi-dimensional imaging and intelligent analysis, high-speed multi-color fluorescence scanning, etc. It enables precise observation and analysis in fields such as life sciences, materials science and pharmaceutical R&D, with overall performance at the domestic leading level.

2. Intelligent equipment

The Group adhered to the core demands of the industrial equipment market and high-end intelligent inspection and empowered industrial automation upgrading by leveraging its profound accumulation in key technologies such as precision machinery, optical imaging and image processing algorithms. In the first half of 2025, the Group has completed the development of the industry's first focal power prism bonding equipment, achieving eccentricity accuracy of less than $\pm 3\mu\text{m}$ and units per hour of more than 300, and the equipment performance has been recognized by leading end customers. In the high-end intelligent inspection field, the Group has completed the development of a wafer defect scanning system with an ultra-wide field-of-view, which can be widely applied in front-end wafer manufacturing and back-end advanced packaging processes. This system significantly improves equipment inspection efficiency, with overall performance at the domestic leading level.

OUTLOOK AND FUTURE STRATEGIES

Looking ahead, AI is accelerating the development of the optoelectronics industry. As a key gateway for acquiring information from the physical world, optical sensing is becoming increasingly important. Intelligent hardware based on optical sensing is expected to experience a new round of growth. The Group will leverage optical sensing technology to deepen its diversified product portfolio vertically and deploy cross-industry application scenarios horizontally. In addition, with the support of AI, the Group will accelerate innovation based on simulation data and production data from optical systems, continuously improve production yield rate, optimize production efficiency, and enhance flexibility and agility according to customer needs, thereby creating greater value for our customers.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group's revenue was approximately RMB19,651.9 million, representing an increase of approximately 4.2% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the increase in the revenue of the Group's vehicle related products, handset related products and XR related products.

For the six months ended 30 June 2025, revenue generated from the Optical Components operating segment was approximately RMB6,066.7 million, representing an increase of approximately 10.7% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the increase in revenue of vehicle lens sets, handset lens sets and XR related products.

For the six months ended 30 June 2025, revenue generated from the Optoelectronic Products operating segment was approximately RMB13,383.1 million, representing an increase of approximately 1.5% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the increase in revenue of vehicle modules.

For the six months ended 30 June 2025, revenue generated from the Optical Instruments operating segment was approximately RMB202.1 million, representing an increase of approximately 7.1% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the increase in the market demand for optical instruments applied to domestic industrial field.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2025, the gross profit of the Group was approximately RMB3,894.4 million, representing an increase of approximately 20.0% as compared to the corresponding period of last year. The gross profit margin was approximately 19.8%, which was approximately 2.6 percentage points higher than that of the corresponding period of last year. The increase in gross profit margin was mainly due to the increase in the gross profit margins of handset lens sets and handset camera modules benefiting from the improvement in product mix, and the faster revenue growth rates of vehicle related businesses with higher gross profit margins.

For the six months ended 30 June 2025, the gross profit margins of the Optical Components operating segment, the Optoelectronic Products operating segment and the Optical Instruments operating segment were approximately 31.0%, 10.6% and 45.7%, respectively (corresponding period of last year: approximately 31.8%, 8.2% and 47.9%, respectively).

Optical Components operating segment: the shipment volume of handset lens sets decreased by approximately 6.4% year-on-year (“YoY”), while the average selling price increased by approximately 20.0% and the gross profit margin increased attributable to the product mix improvement. The shipment volume of vehicle lens sets, which carry higher gross profit margin than that of handset lens sets, increased by approximately 21.7% YoY, with higher revenue growth rate than that of the whole Group. The gross profit margin of Optical Components operating segment decreased by approximately 0.8 percentage point compared to the corresponding period of last year, which was mainly due to the decreased gross profit margin of other optical components products.

Optoelectronic Products operating segment: the shipment volume of handset camera modules decreased by approximately 21.0% YoY, while the average selling price increased by approximately 20.0% and the gross profit margin increased attributable to the product mix improvement. Meanwhile, the revenue of vehicle modules, which carry higher gross profit margin than that of handset camera modules, increased by approximately 35.0% compared to the corresponding period of last year, and this also contributed to the increase in the gross profit margin of the segment.

Optical Instruments operating segment: no material changes on gross profit and gross profit margin were recorded for the six months ended 30 June 2025 compared to the corresponding period of last year.

Selling and Distribution Expenses

The selling and distribution expenses of the Group for the six months ended 30 June 2025 was approximately RMB184.2 million, representing a decrease of approximately 18.5% as compared to the corresponding period of last year. During the period under review, its proportion of the Group's revenue decreased by approximately 0.3 percentage point compared to the corresponding period of last year. The decrease in absolute amount was mainly attributable to the strengthened control for the expenses related with marketing activities by the Group.

R&D Expenditure

The R&D expenditure of the Group for the six months ended 30 June 2025 was approximately RMB1,633.6 million, representing an increase of approximately 11.3% as compared to the corresponding period of last year. During the period under review, its proportion of the Group's revenue increased by approximately 0.5 percentage point compared to the corresponding period of last year. The increase in absolute amount was mainly attributable to the increase in R&D expenditure for the Group's vehicle, XR, pan-IoT and smartphone related businesses compared to the corresponding period of last year.

Administrative Expenses

The administrative expenses of the Group for the six months ended 30 June 2025 was approximately RMB592.8 million, representing an increase of approximately 5.2% as compared to the corresponding period of last year. During the period of review, its proportion of the Group's revenue was the same compared to the corresponding period of last year. The increase in absolute amount was mainly attributable to the increase in the remuneration of administrative staff and the increase in expenses related to the informationization construction.

Income Tax Expenses

The Group's income tax expenses for the six months ended 30 June 2025 was approximately RMB141.1 million, representing an increase of approximately 2.8% as compared to the corresponding period of last year. The Group's effective tax rate was approximately 7.6% during the period under review, and it was approximately 11.0% for the corresponding period of last year. For details related to the income tax expense, please refer to the Note 6 to the condensed consolidated financial statements in this announcement.

Net Profit and Net Profit Margin

For the six months ended 30 June 2025, the Group's net profit was approximately RMB1,724.2 million, representing an increase of approximately 55.1% as compared to the corresponding period of last year.

For the six months ended 30 June 2025, the Group's net profit margin was approximately 8.8% (corresponding period of last year: approximately 5.9%).

Profit for the Period Attributable to Owners of the Company and Basic Earnings per Share

The profit for the period attributable to owners of the Company for the six months ended 30 June 2025 was approximately RMB1,646.1 million, representing an increase of approximately 52.6% as compared to the corresponding period of last year. The increase in absolute amount was mainly attributable to the profitability enhancement of handset lens sets and handset camera modules caused by the product mix improvement and the higher revenue growth rate of vehicle related products with better profitability than the overall revenue growth rate of the Group driven by the rapid development of intelligent driving.

The basic earnings per share for the six months ended 30 June 2025 was approximately RMB151.6 cents, representing an increase of approximately 53.0% as compared to the corresponding period of last year.

Interim Dividend

The Company has paid the dividend for the year ended 31 December 2024 in June 2025, which was HKD0.532 per share of the Company. The payout ratio was approximately 20.0% of the profit for the year attributable to owners of the Company.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (corresponding period of last year: nil).

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flows

The table below summarises the Group's cash flows for the six months ended 30 June 2025 and 30 June 2024, respectively:

	For the six months ended 30 June	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Net cash from operating activities	2,356.4	2,067.9
Net cash from (used in) investing activities	1,424.4	(2,562.6)
Net cash from (used in) financing activities	121.8	(2,990.4)

The Group derives its working capital mainly from cash on hand and net cash generated from operating activities. The Board expects that the Group will rely on net cash generated from operating activities, bank borrowings and debt financing in the short run to meet its working capital and other requirements. In the long run, the Group will be mainly funded by net cash from operating activities and, if necessary, by additional bank borrowings, debt financing or equity financing. There were no material changes in the funding and treasury policy of the Group for the six months ended 30 June 2025.

As at 30 June 2025, the Group had current assets of approximately RMB40,540.7 million (31 December 2024: approximately RMB37,470.0 million); and current liabilities of approximately RMB24,799.1 million (31 December 2024: approximately RMB22,397.6 million). The Group's current ratio was approximately 1.6 times (31 December 2024: approximately 1.7 times). As at 30 June 2025, the Group's total assets was approximately RMB55,804.0 million, representing an increase of approximately 3.7% as compared to that as at 31 December 2024.

As at 30 June 2025, the Group's cash and cash equivalents were approximately RMB8,459.0 million (31 December 2024: approximately RMB4,508.7 million). The cash and cash equivalents were denominated mainly in RMB and USD.

Capital Expenditure

For the six months ended 30 June 2025, the Group's capital expenditure amounted to approximately RMB1,480.0 million, which was mainly used for the purchase of property, plant and equipment. All of the capital expenditure was financed by internal resources.

CAPITAL STRUCTURE

Indebtedness

Bank borrowings

As at 30 June 2025, the bank borrowings of the Group amounted to approximately RMB3,488.6 million (31 December 2024: approximately RMB2,958.2 million).

As at 30 June 2025, no bank borrowings of the Group were secured by certain buildings and land. The bank borrowings were denominated in RMB and USD.

For details of the bank borrowings, please refer to Note 19 to the condensed consolidated financial statements of this announcement.

Banking facilities

Banking facilities have been put in place for contingency purpose by the Group with certain banks in certain countries and regions. As at 30 June 2025, the Group's available banking facilities amounted to RMB32,795.8 million, USD540.0 million, VND220,500.0 million and Indian Rupee 3,000.0 million respectively (31 December 2024: RMB30,382.0 million, USD633.0 million and Indian Rupee 3,000.0 million respectively).

Debt securities

As at 30 June 2025, the Group had debt securities of approximately RMB2,935.8 million (31 December 2024: approximately RMB2,945.5 million).

Gearing Ratio

As at 30 June 2025, the Group's gearing ratio was approximately 11.5% (31 December 2024: approximately 11.0%), which refers to the ratio of total borrowings to total capital (total capital being the sum of total liabilities and shareholders' equity), reflecting that the Group's financial position was at a sound level.

Contingent liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities or guarantees.

Financing and funding and treasury policies and objectives

The Group adopts prudent financing and funding and treasury policies. The Group will seek bank borrowings and debt financing when its operating demand grows, and will regularly review its bank borrowings and debt securities regularly to achieve a sound financial position.

PLEDGE OF ASSETS

As at 30 June 2025, the Group did not have any pledge or charge on assets, except for the pledged bank deposits of approximately RMB268.6 million (31 December 2024: approximately RMB108.5 million).

COMMITMENTS

As at 30 June 2025, the capital expenditure of the Group in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements amounted to approximately RMB680.0 million (31 December 2024: approximately RMB1,181.5 million).

As at 30 June 2025, the Group had no other capital commitments save as disclosed above.

OFF-BALANCE SHEET TRANSACTIONS

As at 30 June 2025, the Group did not enter into any material off-balance sheet transactions.

PERFORMANCE OF INVESTMENTS MADE AND FUTURE INVESTMENTS PLAN

The Group's investing activities primarily include the purchases and redemption of unlisted financial products, placement and release of short term fixed deposits, purchase of property, plant and equipment, and deposits and prepayments paid for acquisition of property, plant and equipment. Among them, unlisted financial products are managed by relevant banks in China, mainly investing in certain financial assets such as bonds, trusts and cash funds, and their investment incomes are determined based on the performance of relevant government debt instruments and treasury bills.

Investments Held

Significant Investments

As at 30 June 2025, Zhejiang Sunny Optics Co., Ltd. ("**Sunny Zhejiang Optics**"), a wholly-owned subsidiary of the Company, held 6% equity interests of Chongqing Ant Consumer Finance Co., Ltd. (the "**Target Company**"). The aggregate investment cost of RMB1,380.0 million represented approximately 2.5% the Company's total assets as at 30 June 2025. To the best knowledge of the Board, after reviewing the unaudited management accounts of the Target Company as at 30 June 2025, no fair value or impairment regarding this investment case was issued or noted by the Board. Based on the information available to the Company immediately preceding the publication of this announcement, the performance of this investment was positive for the six months ended 30 June 2025. The Board considered this investment is long-term investment, which may bring relatively better financial returns to the Group.

To the best knowledge of the Directors, there was no significant investment made by the Group for the six months ended 30 June 2025.

Important Investment

As at 30 June 2025, the Group maintained a portfolio of unlisted financial products with the total carrying amount of approximately RMB12,021.0 million (31 December 2024: approximately RMB13,873.7 million), of which approximately RMB1,331.8 million has been released on or before the latest practicable date (i.e. 15 August 2025) before the publication of this announcement.

As at 30 June 2025, the fair value of the unlisted financial products subscribed by the Group in aggregate represented approximately 21.5% of the Group's total assets (31 December 2024: approximately 25.8%).

As at 30 June 2025, the investment costs for the unlisted financial products subscribed were approximately RMB11,778.1 million (31 December 2024: approximately RMB13,668.9 million).

For the six months ended 30 June 2025, the amount of investment income from the unlisted financial products at FVTPL was approximately RMB168.1 million (corresponding period of last year: approximately RMB141.4 million).

The following table sets out the breakdown of the major unlisted financial products subscribed by the Group as at 30 June 2025 (in descending order):

Name of the unlisted financial products*	Name of banks	Investment costs RMB'000	Fair value of the unlisted financial products as at 30 June 2025 RMB'000	Percentage of fair value of the unlisted financial products relative to the total assets of the Group as at 30 June 2025
Bank of Ningbo Jing Yao fixed income category one-year open-ended wealth management No. 5 – E share	Bank of Ningbo Co., Ltd.	500,000	522,849	0.9%
Agricultural Bank “Nong Yin An Xin • Ling Dong” 30-day negotiable certificate of deposits and deposits enhanced RMB wealth management product (Dui Gong Yue Xiang)	Agricultural Bank of China Limited	500,000	510,696	0.9%
Bank of Ningbo Jing Yao fixed income category one-year open-ended wealth management No. 3 – E share	Bank of Ningbo Co., Ltd.	400,000	409,185	0.7%
Bank of Ningbo NingXin fixed income close-ended wealth management No. 2332	Bank of Ningbo Co., Ltd.	400,000	404,584	0.7%
Bank of Ningbo NingXin fixed income close-ended wealth management No. 2186	Bank of Ningbo Co., Ltd.	360,000	364,511	0.7%
Others#		9,618,082	9,809,213	17.6%
Total		11,778,082	12,021,038	21.5%

* The English names are unofficial English translations of unlisted financial products with Chinese names only. If there is any inconsistency, the Chinese names shall prevail.

Other unlisted financial products included 56 unlisted financial products with 9 different banks to lower the concentration risk. The average fair value of these 56 unlisted financial products as at 30 June 2025 was approximately RMB175.2 million.

The unlisted financial products were measured at fair value as at 30 June 2025. Such investment activities were primarily funded by the idle self-owned funds of the Group.

The Board considers that the terms of such unlisted financial products are on normal commercial terms, fair and reasonable and in the interests of the Company and shareholders of the Company as a whole.

For the six months ended 30 June 2025, the Group's investments amounted to approximately RMB1,480.0 million, which were primarily used for the purchase of property, plant and equipment. These investments enhanced the Group's R&D and technological application capabilities and production efficiency, which in turn expanded the sources of revenue.

Future Plans for Material Investments or Capital Assets Acquisition

Looking forward, the Group will continue to further diversify its investments among different banks to lower the concentration risk and will closely monitor the performance of investments made and future investments plan in accordance with its prudent funding and treasury policy to utilise and to increase the yield of the idle funds of the Group while maintaining a high level of liquidity and a low level of risk. Such investment activities were made and will be made on the premises that it would not adversely affect the working capital of the Group or the operation of the Group's principal business. In addition, the Group will strengthen management in capital investment, improve input-output efficiency and focus on optimizing operational efficiency. The Group will rely on the internal resources, bank borrowings or debt financing to meet the future demands for material investments or capital assets acquisition.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk

The Group is exposed to interest rate risks arising from its bank borrowings for working capital, capital expenditure for expansion and other purposes of the Group and refinancing. The rising of interest rates increases the costs of both existing and new debts. As at 30 June 2025, the effective interest rate on fixed-rate bank borrowings was approximately 1.96% to 3.60% per annum, while the effective interest rate of variable-rate bank borrowings was approximately 2.26% to 2.40% per annum.

Foreign Exchange Rate Fluctuation Risk

The Group exports a portion of its products to and purchases a considerable amount of products from international markets where transactions are denominated in USD or other foreign currencies. Except for certain investments which are in line with the Group's business and denominated in foreign currencies, the Group did not and has no plan to make any other foreign currency investment. The Group will take necessary measures to mitigate any impacts caused by exchange rate fluctuations. For details of the Group's foreign currency forward contracts, foreign currency options contracts and foreign exchange swap contracts, please refer to Note 14 to the condensed consolidated financial statements in this announcement.

Credit Risk

The Group's financial assets include derivative financial assets, cash and cash equivalents, pledged bank deposits, short-term fixed deposits, time deposits, financial assets at FVTPL, trade and other receivables and prepayments, amounts due from related parties, receivables at FVTOCI and equity instruments at FVTOCI, which represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk in relation to trade receivables, the management of the Company (the "**Management**") has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that appropriate follow-up actions are taken to recover overdue debts. The Group has also purchased insurance relating to trade receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Therefore, the Directors consider that the Group's credit risk is significantly reduced. The amounts presented in the condensed consolidated statement of financial position are net of allowance for the ECL, estimated by the Management based on prior experience and historical observed default rates, their assessment of the current economic environment and the discounted cash flows to be received in future.

The Group has no significant concentration of credit risk since its trade receivables are dispersed over a large number of counterparties and customers. The credit risk on liquidity is limited because the majority of the counterparties of the Group are banks with high credit ratings by international credit-rating agencies.

Cash Flow Interest Rate Risk

The Group's cash flow interest rate risk is primarily related to variable rates applicable to bank borrowings. The Management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range. Therefore, any future variations in interest rates will not have any significant impact on the results of the Group.

Liquidity Risk

The Group manages liquidity risk by maintaining an adequate level of cash and cash equivalents through continuously monitoring the forecast and actual cash flows and matching them with the maturity profiles of financial assets and liabilities.

OTHER INFORMATION

A. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company is empowered by the applicable Cayman Islands Companies Act and the Company's articles of association (the "**Articles of Association**") to repurchase the listed shares of the Company (the "**Shares**") subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Hong Kong Stock Exchange.

The Company or any of its subsidiaries (except for the Shares purchased by the trustee (the "**Trustee**") in accordance with the restricted share award scheme (the "**Restricted Share Award Scheme**")) has not purchased, sold, redeemed or written-off any Shares (including sale of treasury shares) for the six months ended 30 June 2025.

B. ISSUE OF EQUITY SECURITIES OR SALE OF TREASURY SHARES

For the six months ended 30 June 2025, the Company did not issue any equity securities (including securities convertible into equity securities) for cash or conduct any sale of treasury shares for cash.

C. RESTRICTED SHARE AWARD SCHEME

On 22 March 2010 (the "**Adoption Date**"), the Company adopted the Restricted Share Award Scheme by a resolution of the Board. Pursuant to the Restricted Share Award Scheme, the Directors, employees, senior staff, agents and consultants of the Company and its subsidiaries are entitled to participate in this scheme.

The purposes of the Restricted Share Award Scheme are to assist the Company in attracting new staff as well as motivating and retaining its existing talents.

For more details of the Restricted Share Award Scheme, please refer to Note 22 to the condensed consolidated financial statements in this announcement and the interim report for the six months ended 30 June 2025 to be published by the Company.

D. CORPORATE GOVERNANCE AND SECURITIES TRANSACTIONS BY DIRECTORS

Corporate Governance

For the six months ended 30 June 2025, the Company complied with all of the mandatory disclosure requirements set out in Part 1 of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules. Meanwhile, the Company has applied the principles of good corporate governance (the "**Principles**") and complied with the code provisions and most of the recommended best practices set out in Part 2 of the Corporate Governance Code. The Company annually reviews the application of the Principles and will improve its corporate governance practices with the reference to the latest development of the corporate governance.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules. Having made specific enquiry with regard to securities transactions of the Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code and its code of conduct regarding Directors’ securities transactions for the six months ended 30 June 2025.

E. AUDIT COMMITTEE

As of the date of this announcement, the Audit Committee consists of three independent non-executive Directors (namely Ms. Thoeng Wai Yee Cheryl (chairwoman), Mr. Feng Hua Jun and Mr. Chen Gang). The Audit Committee and the Company’s external auditors have reviewed the interim report of 2025 and the unaudited condensed consolidated financial statements for the six months ended 30 June 2025. Members of the Audit Committee agreed with the accounting treatment adopted in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2025.

By order of the Board
Sunny Optical Technology (Group) Company Limited
Ye Liaoning
Chairman and Executive Director

Hong Kong, 19 August 2025

As at the date of this announcement, the Board comprises Mr. Ye Liaoning, Mr. Wang Wenjie and Mr. Ni Wenjun, who are executive Directors; Mr. Wang Wenjian and Mr. Wang Tan Jiong, who are non-executive Directors; and Mr. Feng Hua Jun, Mr. Chen Gang and Ms. Thoeng Wai Yee Cheryl, who are independent non-executive Directors.